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UniSourceEnergy
SERVICES

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AZ CORP COMMISSION
DOCKET CONTROL

2013 MAY 6 PM 1 16

May 6, 2013

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Notice of Filing – Amended UNS Electric, Inc.’s 2013 REST Compliance Report
Docket No. E-04204A-11-0267

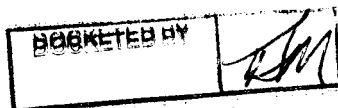
Pursuant to Arizona Administrative Code R14-2-1812, on April 1, 2013 UNS Electric, Inc. (“UNS Electric”) filed with Docket Control a report (“UNS Electric, Inc.’s 2013 REST Compliance Report” or “Report”) that describes its compliance with the requirements of the Renewable Energy Standard and Tariff (“REST”) Rules. UNS Electric has learned of an error in the Report and through this filing submits a corrected version.

The revisions made to the Report include the following: Note 3 to Table 1b was changed to reflect that UNS Electric retired *actual* production RECs, not annualized production RECs; the subtotals on Table 1a for Non-Distributed Energy (“DE”), Residential DE and Non-residential DE now reflect *actual* production, including solar hot water, wholesale DE, manufacturing credits, and if applicable extra credits; and the last paragraph on page 2 was changed to reflect the use of *actual* production for the DE REC retirements.

Please find enclosed redacted Amended UNS Electric’s 2013 REST Compliance Report. The Report contains confidential information that is being provided directly to Commission Staff pursuant to the terms of the Protective Agreement executed in Docket No. E-04204A-11-0267.

If you have questions or comments please contact me at (520) 884-3680.

Arizona Corporation Commission
DOCKETED
MAY 6 2013



cc: Compliance Section, ACC

Sincerely,

Jessica Bryne
Regulatory Services



UNS ELECTRIC, INC.

**Response to R14-2-1812 Utility Reporting Requirements
of the
Arizona Corporation Commission**

**RENEWABLES DATA
FOR
YEAR-END 2012**

Executive Summary

I. Standardized Reporting Format

Arizona Corporation Commission (“Commission”) Decision No. 72738 January 18, 2012 required UNS Electric, Inc. (“UNSE” or “Company”) to submit a report for Commission Staff approval on the Company’s joint RES plan formatting efforts with Arizona Public Service Company (“APS”) Tucson Electric Power Company (“TEP”) and in consultation with other state utility representatives and industry stakeholders. On February 19, 2013, Commission Staff docketed its formal approval of the group’s standardized reporting format for use in subsequent RES Compliance Reports and Implementation Plans.

II. 2012 Renewable Energy Standard (“RES”) Results

A. Compliance with RES Requirements

For calendar year 2012, the Commission established an annual RES requirement of 3.5 percent of the utility’s 2012 retail kilowatt-hour (“kWh”) sales, with 30 percent of the total requirement to be fulfilled with energy produced from Distributed Energy (“DE”) resources. This separate DE carve-out provision requires half of the total DE requirement to come from residential resources and half from non-residential resources. A summary of UNSE’s 2012 compliance requirements is shown in Table 1a. For the purposes of RES compliance tracking, a Renewable Energy Credit (“REC”) is defined as a kWh or kWh equivalent of eligible renewable resources; however, throughout this Compliance Report, UNSE reports its production in MWh. *See* A.A.C. R14-2-1801(N).

Table 1b (see page 4) shows UNSE compliance and total RES resources. In 2012, the Company’s total RES resources, including Annualized Production and Reservations, were 72,698 MWh, which is 4.14 percent of UNSE’s total 2012 retail sales requirement. Total DE resources for the year reached 29,235 MWh. Total Residential performance was 141 percent of the requirement for 2012 and Non-Residential was 177 percent of the Non-Residential requirement. TEP will retire 61,174,000 RECs for 2012 (actual production of Residential DE of 10,481,000; Non-Residential DE of 8,946,000; and Non-DE of 125,767,000).

Compliance Report - Energy
Table 1a - Renewable Resources

UNS Electric, Inc.

Resource	Technology	Ownership	MWac ¹	MWdc ¹	Production (Actual) kWh	+	Production (Annualized) ²	+	Multiplier Credits	=	Total kWh or Equivalent
Purchased Power Agreements											
Western Wind	Wind	PPA	10.500		23,613,092		23,613,092		1.000		23,613,092
Black Mountain Generating Station	PV	PPA		9.870	1,377,540		17,766,000		1.000		17,766,000
Total UNSE Owned	PV	UNSE		1.220	2,142,509		2,142,509		1.000		2,142,509
Manufacturing Credit	Manufacturing	UNSE		0.815					2,190.000		1,785,316
Gross Total (if needed)					27,133,141		43,521,601				45,306,917
Adjustment for 10% wholesale DG applied to Non-Res											(1,843,318)
Subtotal Generation					27,075,139		43,521,601				43,463,599 (A)
DISTRIBUTED ENERGY (DE):											
Residential:											
PV	PV	Customer/Leased		6.851	9,793,168		11,989,250		1.000		11,989,250
H2O	Water Heating	Customer					416,000		1.000		416,000
Wind	Wind	Customer	0.300		206,264		206,264		1.000		206,264
Reserved	PV	Customer/Leased		0.164			286,388		1.000		286,388
Gross Total (if needed)					9,999,432		12,897,902				12,897,902
Adjustments (if needed)											
Extra Credits⁴											
In-State Manufacturing and Installation Content											8,548
In-State Power Plant Installation Credit											28,494
Distributed Generation Credit											28,494
Subtotal Residential					10,480,968		12,897,902				12,963,438 (B)
Non-Residential:											
PV	PV	Customer/Leased		4.218	6,344,477		7,381,500				7,381,500
H2O	Water Heating	Customer					352,362				352,362
Reserved PV	PV						6,287,956				6,287,956
Total Pool Heating	Pool Heating	Customer					400,000				400,000
Total Wind	Wind Turbine	Customer	0.010				6,216				6,216
Wholesale 10% of DG requirements											1,843,318
Gross Total (if needed)					6,344,477		14,428,034		-		16,271,352
Adjustments (if needed)											
Subtotal Non-Residential					8,946,373		14,428,034		-		16,271,352 (C)
Subtotal Distributed Energy (B + C)					19,427,341		27,325,936		-		29,234,790 (D)
Total RES Resources (A + D)					46,502,480		40,223,837		-		72,698,389 (E)
Total 2012 RES Resources Available for Retirement⁵					-		-				46,502,480 (F)
Total MWac equivalent³											

Notes to Table 1:

¹ Generation capacity is generally reported in MWac and DE is generally reported in MWdc.

² Assumes 1,750 kWh per installed kW for non-metered or current year installed residential PV systems, and 1,750 kWh per installed kW for similar non-residential systems.

³ Represents the total RES portfolio capacity in MWac. An 85% dc-ac conversion factor is applied to all dc capacity.

⁴ Extra Credit Multipliers

Early Installation Extra Credit: Installed and Began Operating in

2001

0.3

2002

0.2

2003

0.1

In-State Power Plant Extra Credit (1997-2005)

0.5

In-State Manufacturing and Installation Content (1997-2005)

0.5 X (% In-state content in installed plant)

DE Solar Electric Generator and Solar Incentive Program (1997-2005)

0.5

⁵ Does not include Annualized Production or Reservations

Table 1b - Compliance Summary

Category	Metric	%	Compliance Measure (MWh)	RES Resources (MWh or Equivalent)
Retail Sales	Actual MWh Sales for 2012		1,755,541	
Prior year carrying balance ¹				98,692 (F)
2012 Total RES Resources (From (E) in Table 1a)				72,698 (E)
2012 Actual Production (G + H + I) and from (F) in Table 1a				46,502 (E)
2012 Total RES Requirement	% of Retail Sales	3.5%	61,444	
DE Requirement	% of RES Requirement	30%	18,433	
DE Sub-Requirements:				
Residential DE	% of DE Requirement	50%	9,217 (K)	12,963 (G)
Annualized Production ²				12,677 (G)
Reserved				286 (G)
Actual Production				10,481 (G)
Non-Residential DE	% of DE Requirement	50%	9,217	16,271 (H)
Annualized Production ²				9,983 (H)
Reserved				6,288 (H)
Actual Production				8,946 (H)
Non-DE Target	% of RES Requirement	70%	43,011 (L)	169,231 (I)
Annualized Production				43,464 (I)
Actual Production				27,075 (I)
Carrying Balance				98,692 (I)
Actual Production Resources Used for 2012 REC Retirement (H + K + L) ³				61,174 (J)
End 2012 carrying balance (F + E - J)				84,021
Residential Carrying Balance				1,264
Non-Residential Carrying Balance				-
Non-DE Carrying Balance				82,756

Notes to Table 1b:

¹ Carrying Balance only applies to Non-DE RECs² Including Annualized Production for DE UNSE would have been over-compliant with 66,124,000 RECs³ On March 31, 2013 UNS Electric Power (UNE) retired 61,174,000 Renewable Energy Credits towards meeting its 2012 RES requirements.

Table 2a – RES Resource Costs

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Table 2b - RES Cash Incentive Costs

UNS Electric, Inc.

2012 Distributed Energy Cash Incentive Program Costs

Up-Front Incentives							2012 Total Incentives Paid (\$)
<i>Residential:</i>	MW	MWh	(\$/MW) ¹	(\$/MWh) ¹			
Total PV	2.384	4,172.000	\$ 1,058,410.16	\$ 604.81			\$ 2,523,249.81
Total Water Heating		112.170		500.94			56,190.00
Subtotal: Residential	2.384	4,284.170	\$ 1,058,410.155	\$ 1,105.742			\$ 2,579,439.81
Up-Front Incentives Production-Based Incentives							2012 Total Incentives Paid (\$)
<i>Non-Residential:</i>	MW	MWh	(\$/MW) ¹	(\$/MWh) ¹	(\$/MW)	(\$/MWh)	
UFI's							
PV	0.485	848.750	\$ 1,008,861.86	\$ 576.49			\$ 489,298.00
Water Heating		360.000		499.11			179,681.00
Pool Heating		400.000		500.00			200,000.00
PBI's							
PV	1.769	241.710		122.46	\$ 16,733.18	\$ 122.46	29,601.00
PBI Legacy							
PV		1,105.000				67.52	74,611.00
Subtotal: Non-Residential	2.254	2,955.460	\$ 1,008,861.86	\$ 1,698.07	\$ 16,733.18	\$ 189.985	\$ 973,191.00
Total DE Incentive Costs	4.638	7,239.6300	\$ 2,067,272.01	\$ 2,803.81	\$ 16,733.18	\$ 189.985	\$ 3,552,630.81

Notes to Table:

¹ Based on expected annual system production.

Other Reports

	2012 Budget REST Collections (\$)	2012 Budget Expenditures (\$)
UNS Electric, Inc		
<i>To Be Recovered Through REST Charges</i>	\$ 7,673,222	
REST Expenditures		
Purchased Renewable Energy		
<i>Above Market Cost of Conventional Generation</i>		\$ 2,126,740
<i>UNSE Owned</i>		665,159
Total Purchased Renewable Energy		2,791,899
Customer Sited Distributed Renewable Energy		-
<i>Up-Front Payments to Customers</i>		2,443,951
<i>Production Based Payments to Customers</i>		1,786,546
<i>Consumer Education and Outreach</i>		10,000
<i>Meter Reading</i>		6,250
Total Customer Sited Distributed Renewable Energy		4,246,747
Information Systems Integration Costs		50,000
Technical Training		
<i>Schools Programs</i>		190,000
<i>Internal and Contractor Training</i>		37,500
Total Technical Training		227,500
Net Metering		76,070
Outside Coordination, Support and R&D		
Labor and Administration		
<i>Internal and External Labor</i>		252,750
<i>Materials, Fees and Supplies</i>		
<i>AZ Solar Website</i>		1,000
Total Labor and Administration		253,750
Renewable Energy Balancing, Integration and Field Test		
<i>Support to University Research</i>		20,000
<i>Dues</i>		7,500
Total Renewable Energy Balancing, Integration and Field Test		27,500
Grand Total	\$ 7,673,222	\$ 7,673,466

UNS Electric, Inc	2012 Actual REST Collections (\$)	2012 Actual Expenditures (\$)
To Be Recovered Through REST Charges	\$ (6,839,180)	
REST Expenditures		
Purchased Renewable Energy		
Above Market Cost of Conventional Generation		\$ 1,732,127
UNSE Owned		666,696
Total Purchased Renewable Energy		2,398,823
Customer Sited Distributed Renewable Energy		-
Up-Front Payments to Customers Reserved		2,381,932
Production Based Payments to Customers		125,495
Consumer Education and Outreach		6,016
Meter Reading		841
Total Customer Sited Distributed Renewable Energy		2,514,284
Information Systems Integration Costs		36,417
Technical Training		
Schools Programs		159,317
Internal and Contractor Training		7,730
Total Technical Training		167,047
Net Metering		76,076
Outside Coordination, Support and R&D		
Labor and Administration		
Internal and External Labor and Administration		233,216
Support to University Research		20,000
Technology Development Projects		75
Total Renewable Energy Balancing, Integration and Field Test		20,075
Grand Total	\$ (6,839,180)	\$ 5,445,939